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STATE FOR EUR/SCE, PM/DTCC. PM/RSAT

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TAGS: [KOMC](#) [ECON](#) [CY](#)
SUBJECT: DENIAL OF EXPORT LICENSE MAY HAVE NEGATIVE
CONSEQUENCES

REF: 06/16/08 CAROUSO-GOODMAN E-MAIL

¶1. (SBU) On July 22, Post learned from Bell Helicopter Corporation that PM/DDTC had denied the company an export license for the sale of two helicopters to the Cypriot Ministry of Justice (Police) for use largely for search-and-rescue purposes. As Post stated in ref e-mail, "We strongly support the sale to promote US interests that include enhancing GOC search and rescue, CT capabilities, and inter-agency coordination. We also strongly support the appropriate provisos that include end-use by civilian authorities only and exclusively. However, this should not prevent joint interagency exercises between the police SWAT team and military assets training for CT and search and rescue scenarios, which the USG advocates." We understand that the denial of this export license is based on "foreign policy considerations" relating to looming Cyprus Problem negotiations. However, our analysis indicates that this action is contrary to our overriding foreign policy consideration of encouraging a settlement between the two sides of the Cyprus Problem.

¶2. (SBU) By denying this export license at a time when direct negotiations are about to begin between the two parties to the Cyprus Problem, the GOC will interpret this action as an effort by the USG to pressure the GOC to yield to T/C or Turkish demands or as the USG somehow acting in response to Turkish pressure. Already, the Permanent Secretary of the Ministry of Justice (responsible for managing the tendering process for the procurement of two helicopters for the police) has called Embassy econoff demanding to know why the USG would deny a license at this point in time when in previous years, two Bell helicopters for use by civilian authorities had been approved.

¶3. (SBU) In addition to the foreign policy considerations, we note that Cyprus was the point of evacuation for 15,000 US citizens in 2006 and will likely play a similar role if/when violence again erupts in that country. There is a strong likelihood that numerous small vessels will be involved in a future exodus from Lebanon. For several years we have strongly advocated to the GOC that they improve their sea search-and-rescue capabilities given the political volatility to their east and the large Flight Information Region over which they have responsibility in the eastern Mediterranean.

¶4. (SBU) We understand that PM/DDTC is currently considering the request for approval of a maintenance contract with Bell for helicopters purchased by Cyprus in 1997. We know that this contract was approved in 2007 but, due to Cypriot bureaucratic inertia, the GOC failed to proceed with the contract prior to the export license's expiry. Again, if this approval is not given now, with a new government apparently committed to pursuing a settlement to the Cyprus Problem, it may be taken as a signal of the USG trying to apply one-sided pressure to the G/C negotiating process. This would harm not only our topical interest in bolstering local civilian

operational capabilities, but would damage the negotiation itself. Obviously, this would be counter-productive and profoundly against our interest. Post strongly supports the approval of the maintenance contract and a reconsideration of the denial of the export license for the supply of two additional aircraft.

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